



State Auditor's Office Implementing Performance Audit

Human Resource Manager's

June 7, 2006

Briefing by: Dalene Sprick
Performance Audit Manager
Government Efficiency and Effectiveness

Objectives

- Provide overview
- Outline State Auditor's vision for the performance audit program
- Status update
- Question & answer period



Authority

■ I-900

	For	Against	Total
Number of Votes	994,757	767,844	1,762,601
Percentage of Votes	56%	44%	100%

■ ESSB 6839

- ☐ Transportation-related performance audits.
- ☐ Must be completed by June 30, 2007.



Overview I-900

- To promote accountability and cost-effective uses of public resources.
- As required by I-900 performance audits will include:
 - Identification of:
 - Best practices.
 - Services that can be improved, reduced or eliminated.
 - Programs or services that can be transferred to the private sector.
 - Cost savings.
 - Analysis of:
 - Recommendations for statutory or regulatory changes that may be necessary.
 - Roles and functions and recommendations to change or eliminate departmental roles or functions.
 - Gaps or overlaps in programs or services and recommendations to correct.
 - Feasibility of pooling information technology systems.
 - Performance data, measures and self-assessment systems.



Guiding Principles

■ Independence

- ☐ Follow Governmental Auditing Standards (Yellow Book)

■ Participation

- ☐ Accept and value ideas and suggestions from
 - Front line employees
 - Government managers and executives
 - Those who do business with the government and
 - Those who are served by it

■ Citizen Involvement

- ☐ Evidenced-based outreach program

■ Reporting

- ☐ Regular progress reports during audits
- ☐ Widely distributed after completion

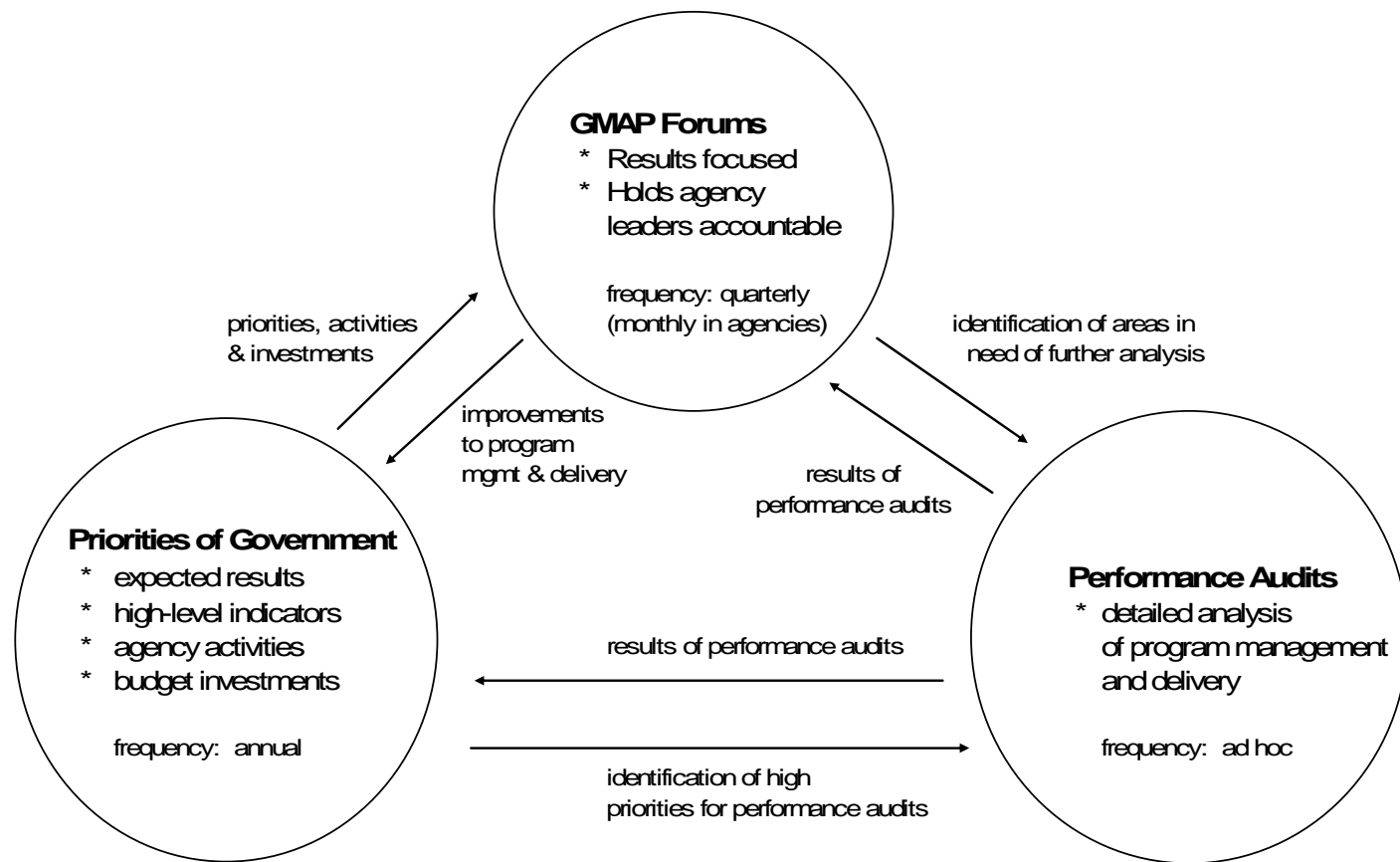


Our Vision for Performance Audits

- Conduct Independent, Fair, Evidenced-based, Constructive Audits that:
 - Improve transparency
 - Identify exemplary practices
 - Report what is working well as well as opportunities for improvement
 - Are valued and used as a management tool
 - Promote continuous improvement of quality, efficiency and effectiveness
- Complement the state's Priorities of Government (POG) budget process, Government Management Accountability and Performance (GMAP) forums, and Washington Quality Award Program (WSQA).



How GMAP, POG & Performance Audits Fit Together



Source: Governor's Office



Definition of Performance Audit

- An objective and systematic assessment of the performance and management of an entity, program, activity or function in order to:
 - provide information to improve performance and operations;
 - facilitate decision-making by parties with responsibility to oversee or initiate corrective action;
 - and improve public accountability.



What does it mean to me?

- In short, performance audits look at outcomes. . . .the results.



For example:

- Did immunizations of school children actually reduce the number of illnesses and infectious diseases?
- Did an increased number of State Patrol troopers on highways result – not in a greater number of tickets or DUI arrests – but in lower numbers of accidents and traffic fatalities?



What factors will determine what we audit?

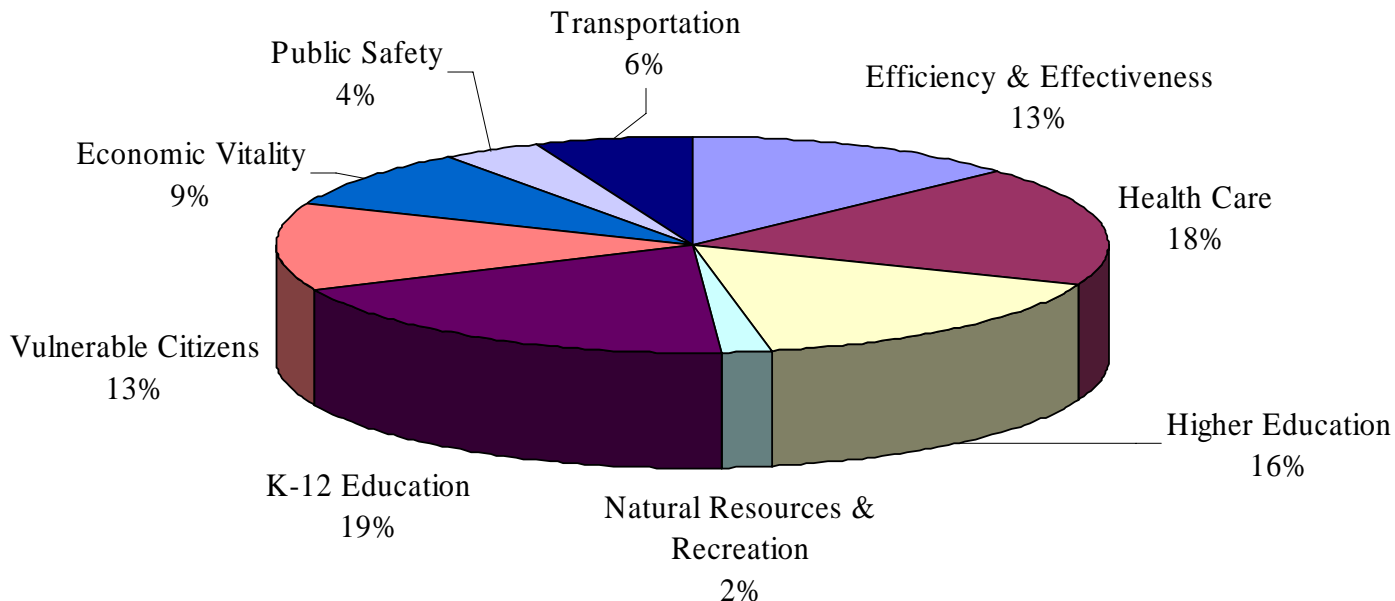
- Auditor judgment
- Public sentiment
- Comments from the Governor, oversight entities, front-line employees and other interested parties
- Expected cost benefit
- Best practices in performance audit
- Initiative mandates
- GMAP forums
- POG budget process



Focus of first audits:

- State government, including service delivery through contracts with non-profits, private-sector organizations and municipalities.
- Topics identified during outreach efforts.
- Largest, costliest governmental priorities include:

**FY 2005 Total Executive Branch Expenditures by Priority
(based on POG Budget)**



Government Auditing Standards

definition of criteria:

“Criteria are the standards, measures, expectations of what should exist, best practices, and benchmarks against which performance is compared or evaluated.”



Examples of possible criteria:

- Purpose or goals prescribed by law or regulations or set by officials of the audited entity
- Policies and procedures established by officials of the audited entity
- Technically developed standards and norms
- Expert opinions
- Prior period's performance
- Performance of similar entities
- Performance of the private sector
- Best practices of leading organizations

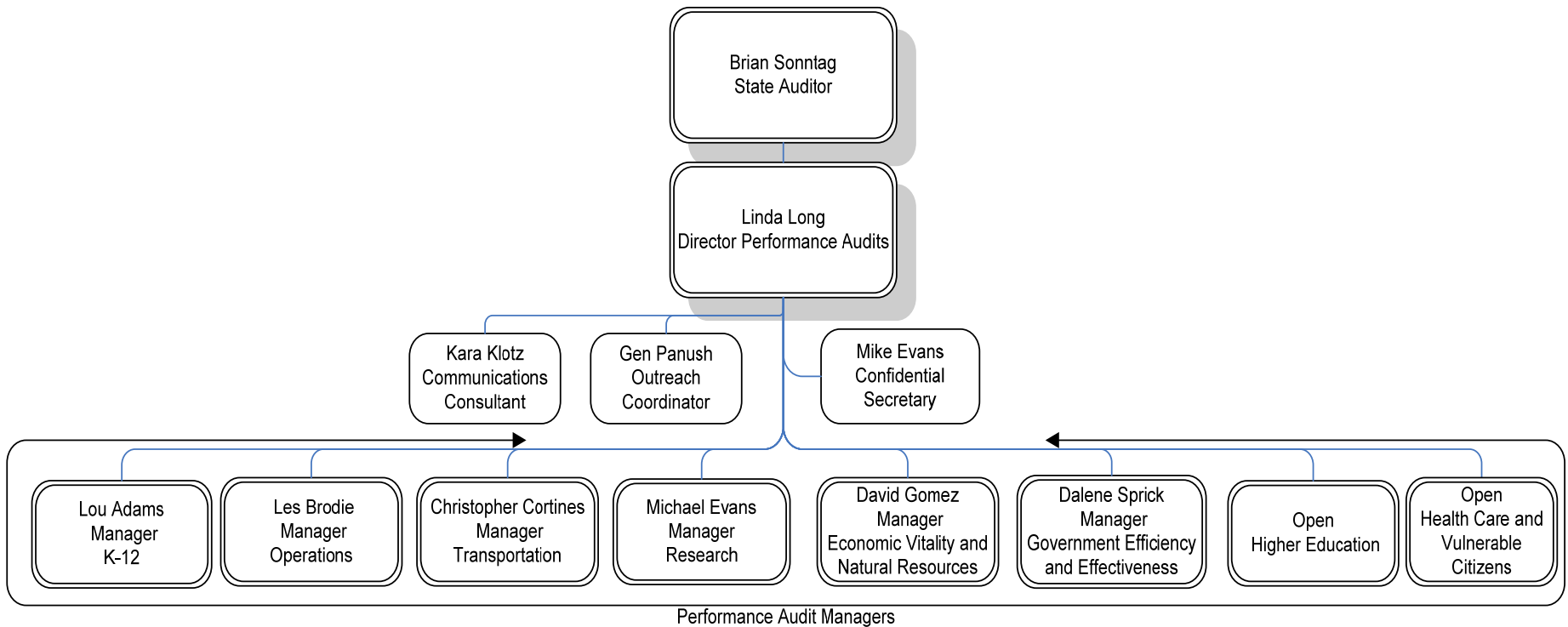


Phases of a Performance Audit

- Audit Pre-Planning and Outreach Work
- Notice to Entity of State Auditor's intent to conduct Audit Planning and Survey work
- Audit Planning/Performance Audit Survey
- Decision of whether an audit is warranted (Audit/No Audit)
- Development of an Audit Objective, Scope and Methodology
- Notification to the Top Executive(s) of State Auditor's intent to conduct a Performance Audit.
- Notification to Entity(ies) of State Auditor's intent to conduct a Performance Audit
- Entrance Conference with Entity(ies)
- Fieldwork and Evidence Gathering (with periodic progress meetings)
- Pre-Exit Conference
- Draft Report Issued
- Final Exit Conference
- Comments (Entity(ies) and Responsible Officials)
- Final Report Issued
- Public Hearing
- Audit Resolution



Status Update – To Date



- Carefully building a Performance Audit Team



Status Update – To Date

- Development of audit protocols.
 - Guide to Performance Audit
- Enhancement of our contracting business system to accommodate performance audit and outreach activities.
- Development of communication strategies, including strategies for managing expectations around performance audit.
- Establishment of a performance audit program strategic plan and performance measures.
- Orientation and training program for staff and contractors.



Improved Citizen Accountability

A government achieving
results the citizens want,
efficiently and effectively

Performance Audit Reports ~ Annual Performance Audit Highlights ~ Public Hearings
Audit Resolution

Government Management Accountability & Performance Program
Priorities of Government Budget Process ~ Performance Audit Program
Washington State Quality Award Program

Strategic Plan

Work Plan

Outreach &
Communications

Human Resources
& Contracting
Management

Financial
Management

Performance
Reporting

Audit Policy Manual ~ Audit Tools & Training ~ Internal Audit Coordination
Quality Assurance ~ JLARC Coordination ~ TPAB Coordination ~ Audit Protocols

Updated March 10, 2006



Performance Audit Readiness

- What you will be asked to provide at the outset:
 - Contact person
 - Organization chart
 - RCW 43.88.090(2)-(4) information (strategic plan, results of continuous self-assessments, etc.)
 - RCW 43.88.160(4)(a) information (internal controls and internal audits)
 - RCW 43.17.385 description of quality management initiatives
 - RCW 43.17.390 description of initiatives that may be underway in pursuit of Washington Quality Award



Performance Audit Readiness Continued

- Description of any national and state recognitions and awards for innovation, quality improvement, etc.
- Customer satisfaction survey results for past two years (if done)
- Citizen satisfaction survey results for past two years (if done)
- Employee survey results for past two years (if done)
- Suggested areas to focus our performance audit efforts that address the nine elements of I-900 (see slide 3)
- Suggested areas where you think we should focus our performance audits broadly in state and local government or within an individual state agency



Question and Answer Period

- Ultimately I am here to seek your advice and comments as they are crucial to our efforts.
- Dalene Sprick - sprickd@sao.wa.gov
- Website: <http://www.sao.wa.gov>

